

Tobin & Co.

Grant Township

Grand Traverse County, Michigan

Audit Report

For the Year Ended March 31, 2006

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Grant Township	County Grand Traverse
Audit Date 3/31/06	Opinion Date 9/25/06	Date Accountant Report Submitted to State: 9/30/06	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.

2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			
Single Audit Reports (ASLGU).			

TUBIN & CO., P.C.

400 E. EIGHTH ST.

Certified Public Accountant (Firm Name) TRAVERSE CITY, MI 49686-2668			
Street Address 231-947-0151		City	State ZIP
Accountant Signature <i>David J. Oakes</i>		Date 9-29-06	

Tobin & Co.

Table of Contents

INTRODUCTORY SECTION

Comments and Recommendations	4
------------------------------	---

FINANCIAL SECTION

Accountant's Report	6
Management's Discussion and Analysis	7 - 9

Basic Financial Statements

Government-wide Financial Statements:	
Statement of Net Assets	10
Statement of Activities	11

Governmental Funds:	
Balance Sheet	12
Statement of Revenues, Expenditures and Changes in Fund Balances	13

Fiduciary Funds	
Statement of Fiduciary Net Assets	14

Notes to Basic Financial Statements	15 - 19
-------------------------------------	---------

SUPPLEMENTAL DATA SECTION

Required Supplementary Information:	
Schedules of Revenues, Expenditures and Changes in Fund Balances -- Budget and Actual:	
1 - General Fund	21 - 24
2 - Cemetery Perpetual Care Fund	25

Other Supplementary Information	
3 - 2005 Property Tax Levy and Collection	26

Tobin & Co.

INTRODUCTORY SECTION

Tobin & Co.

Comments and Recommendations

We have audited the basic financial statements of Grant Township, Grand Traverse County, for the year ended March 31, 2006 and have issued our report thereon. As part of our examination, we made a study and evaluation of the Township's system of internal accounting control to the extent we considered necessary to evaluate the system as required by auditing standards generally accepted in the United States of America. The purpose of our study and evaluation was to determine the nature, timing and extent of the auditing procedures necessary for expressing an opinion on the Township's financial statements. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole.

Our study and evaluation made for the limited purpose described above would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of internal control of Grant Township taken as a whole. As a result of our examination, we respectfully submit the following comments and recommendations.

General

The records were maintained in very good condition by your present Clerk and Treasurer. Recorded revenues were deposited timely and intact, journals and ledgers were properly posted, Board minutes were in good order, and supporting documents and follow-up procedures appeared good. The efforts of these officials during 2005-2006 are commendable.

Budgets and Procedures

The General Fund expenditure budget was \$91,735 higher than actual expenditures. This matter should receive special attention in future budget preparation, since the budget is intended to be the best estimate by Township officials of actual revenues and expenditures in the forthcoming fiscal year. See Note 2 of the Notes to the Financial Statements.

General Fund

The General Fund is presented on Schedule 1 of this report. Revenues totaled \$118,770 and expenditures totaled \$113,164. The fund balance at March 31, 2006 was \$108,840. As noted earlier, expenditures were materially lower than budgeted.

Cemetery Perpetual Care Fund

This Fund, presented in Schedule 2, is used to account for deposits for the perpetual care of cemetery lots and for interest earned from such deposits. During the audit year, deposits of \$600 remained in the fund which reflected a fund balance of \$23,621 at March 31, 2006. Of this fund balance, an estimated \$22,100 was non-expendable.

Property Tax Collections

The collection and distribution of the 2005 tax levy was handled in an excellent manner by the Township Treasurer. Deposits were made every few days and were intact. Payments to taxing units during the collection period were in accordance with statutory requirements.

Insurance and Surety Bond Coverage

Our examination disclosed that the Township has such insurance coverage as fire and lightning, liability, errors and omissions, equipment, crime and workmen's compensation. Board minutes indicate that coverage was reviewed during the audit year. The Clerk, Treasurer, their deputies, and the Supervisor are covered by surety bonds.

Other Data

We are pleased to note the use of interest bearing bank accounts and investments which resulted in earned interest of \$2,680 for the audit year. This is excellent, and we commend efforts of the Treasurer and Board members in this important area of financial management.

Payroll records reflect that proper procedures are being followed in payroll withholdings, remittances, federal and State reports, etc.

After completion of our audit, we will transmit two (2) copies of this report to the State Department of Treasury.

We again commend the Clerk and Treasurer for the excellent condition of the Township records. We further appreciate the courtesy extended our field auditor in the conduct of this audit.

Your confidence is respected. Please contact us if questions arise or assistance is needed.

Tobin & Co.

FINANCIAL SECTION

Tobin & Co.

REPORT OF INDEPENDENT AUDITOR

To the Township Board
Grant Township
Grand Traverse County
Buckley, Michigan 49620

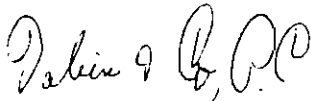
We have audited the accompanying financial statements of the governmental activities, and each major fund of Grant Township as of and for the year ended March 31, 2006, which collectively comprise the Township's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly in all material respects, the respective financial position of the governmental activities, and each major fund of Grant Township at March 31, 2006, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis are not a required part of the basic financial statements, but are supplementary information required by the GASB. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Table of Contents are presented for the purposes of additional analysis and are not a required part of the basic financial statements of Grant Township. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.



TOBIN & CO., P.C.
September 25, 2006

Tobin & Co.

GRANT TOWNSHIP MANAGEMENT'S DISCUSSION AND ANALYSIS

As the Township Board of the Grant Township, Grand Traverse County, we offer readers of the township's financial statements this narrative overview and analysis of the financial activities of Grant Township for the fiscal year ended March 31, 2006.

Financial Highlights

The assets of Grant Township exceeded its liabilities at the close of the most recent fiscal year by \$146,159. Of this amount, \$110,361 may be used to meet the Township's General Fund ongoing obligations to citizens and creditors.

As of the close of the current fiscal year, Township's governmental funds reported combined ending fund balances of \$132,461, an increase of \$7,017 in comparison with the prior year. Of this amount, \$110,361 is available for spending at the Township's discretion.

At the end of the current fiscal year, unreserved fund balance for the general fund was \$102,423, or 90% of total general fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Grant Township's basic financial statements. The Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information, in addition to the basic financial statements themselves.

1. Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The **statement of net assets** presents information on all of the Township's assets and liabilities, with the difference between the two reported as **net assets**. Over time, increases or decreases in net assets may serve as a useful indicator of whether the Township's financial position is improving or deteriorating.

The **statement of activities** presents information showing how the Township's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, earned but unused credits, and used but not paid expenses).

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (**governmental activities**) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (**business-type activities**). The governmental activities of the Township include: General Government, Public Safety, and Road Projects. Grant Township does not have any business-type activities.

2. Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Grant Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Grant Township are categorized as governmental funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Grant Township maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Cemetery Perpetual Care Fund, which are considered to be major funds. All Township government activities are included in these two funds.

Tobin & Co.

The Township adopts an annual appropriated budget for its general fund and special revenue funds. A budgetary comparison statement has been provided for the general fund and other major funds to demonstrate compliance with this budget.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial resources because the resources of those funds are not available to support the Township's own programs.

The basic Fiduciary fund financial statements can be found on page 14 of this report.

3. Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

General Fund Analysis and Highlights

The Clerk and Treasurer work closely together to keep the finances of the Township in balance. They are also in monthly contact with the rest of the Township Board, keeping them informed for final approval of all transactions.

Condensed Financial Information

Net Assets

	Governmental and Total Activities <u>3/31/06</u>
Current Assets	\$ 132,461
Capital Assets	<u>13,698</u>
Total Assets	146,159
Current Liabilities	<u>-</u>
Total Liabilities	-
Net Assets:	
Investment in Capital and Intangible Assets, net of related debt	13,698
Restricted	22,100
Unrestricted	<u>110,361</u>
Total Net Assets	<u>\$ 146,159</u>

Tobin & Co.

Activities

	Governmental and Total Activities 3/31/06
Program Revenues:	
Charges for Services	\$ 9,382
Operating Grants	7,895
General Revenues:	
Property Taxes	34,512
State Shared Revenues	63,960
Other	<u>4,432</u>
Total Revenues	120,181
Expenses:	
Legislative	10,407
General Government	46,113
Public Safety	28,573
Public Works	15,549
Health and Welfare	<u>10,018</u>
Total Expenses	<u>110,660</u>
Change in Net Assets	<u>\$ 9,521</u>

Capital Asset and Debt Administration

Capital Assets

The Township's investment in capital assets for its governmental activities as of March 31, 2006, amounts to \$13,698. This investment in capital assets includes: land, township hall, equipment, and office equipment and computers. This is the first year that the total Township's investment in capital assets has been assessed and reported. All of our government funds report capital outlays as expenditures. However, the cost of the assets is allocated over their useful lives.

Cash Assets

At the end of the current fiscal year, the Township had \$126,346 in cash and other spendable assets. The Township is limited by State law in how it can invest these funds and we have made no changes in our investment strategy in several years.

Long-term Debt

At the end of the current fiscal year, the Township had no debt outstanding.

Pension Plan

The Township makes contributions equal to 15% of each eligible employee's base wage to Manufacturer Life Ins. Co. on behalf of each participating employee. This is an expensed item in the budget and totaled \$2,536 for the fiscal year.

Currently Known Facts, Decisions, or Conditions

There are presently no decisions or conditions which affect changes in future Township operations.

Requests for Information

This financial report is designed to provide a general overview of Grant Township's finances for all those with an interest in the Township's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to

Tobin & Co.

Grant Township Statement of Net Assets March 31, 2006

Governmental Activities And Total

Assets

Cash	\$ 126,346
Receivables	3,169
Due from Other Units	2,946
Capital Assets	
Land	3,500
Other Capital Assets, Net of Depreciation	<u>10,198</u>
Total Capital Assets	<u>13,698</u>
Total Assets	<u>146,159</u>

Liabilities

-

Total Liabilities

-

Net Assets

Invested in Capital Assets	13,698
Restricted for:	
Cemetery Perpetual Care	22,100
Unrestricted	<u>110,361</u>
Total Net Assets	<u>\$ 146,159</u>

See Accompanying Notes to Basic Financial Statements

Tobin & Co.

Grant Township Statement of Activities For the Year Ended March 31, 2006

	Program Revenues			
Functions/Programs	<u>Expenses</u>	<u>Charges For Services</u>	<u>Operating Grants and Contributions</u>	<u>Total</u>
Governmental Activities:				
Legislative	\$ 10,407	\$ -	\$ -	\$ (10,407)
General Government	46,113	8,986	4,800	(32,327)
Public Safety	28,573	-	-	(28,573)
Public Works	15,549	396	3,095	(12,058)
Other	<u>10,018</u>	<u>-</u>	<u>-</u>	<u>(10,018)</u>
Total Governmental Activities	<u>\$ 110,660</u>	<u>\$ 9,382</u>	<u>\$ 7,895</u>	<u>(93,383)</u>
General Revenues:				
Taxes				34,512
State Grants				63,960
Unrestricted Investment Earnings				2,680
Miscellaneous				<u>1,752</u>
Total General Revenues				102,904
Change in Net Assets				9,521
Net Assets – Beginning				<u>136,638</u>
Net Assets – Ending				<u>\$ 146,159</u>

See Accompanying Notes to Basic Financial Statements

Tobin & Co.

Grant Township Balance Sheet Governmental Funds March 31, 2006

	<u>General</u>	<u>Permanent Perpetual Care</u>	<u>Total</u>
Assets			
Cash in Bank	\$ 102,725	\$ 23,621	\$ 126,346
Delinquent Taxes Receivable	3,169	-	3,169
Due from other Units	<u>2,946</u>	<u>-</u>	<u>2,946</u>
Total Assets	<u>\$ 108,840</u>	<u>\$ 23,621</u>	<u>\$ 132,461</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts Payable	\$ -	\$ -	\$ -
Deferred Revenue	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:			
Reserved	-	22,100	22,100
Unreserved	<u>108,840</u>	<u>1,521</u>	<u>108,840</u>
Total Fund Balances	<u>108,840</u>	<u>23,621</u>	<u>132,461</u>
Total Liabilities and Fund Balances	<u>\$ 108,840</u>	<u>\$ 23,621</u>	
Amounts reported for governmental activities on the statement of net assets are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			<u>13,698</u>
Net assets of governmental activities.			<u>\$ 146,159</u>

See Accompanying Notes to Basic Financial Statements

Tobin & Co.

Grant Township Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Year Ended March 31, 2006

	<u>General</u>	<u>Other</u>	<u>Total</u>
<u>Revenues</u>			
Taxes	\$ 34,512	\$ -	\$ 34,512
Licenses and Permits	396	-	396
Federal Grants	4,800	-	4,800
State Grants	67,055	-	67,055
Charges for Services	8,322	600	8,922
Interest and Rents	1,933	811	2,744
Other	<u>1,752</u>	<u>-</u>	<u>1,752</u>
Total	<u>118,770</u>	<u>1,411</u>	<u>120,181</u>
<u>Expenditures</u>			
Legislative	10,407	-	10,407
General Government	43,817	-	43,817
Public Safety	28,573	-	28,573
Public Works	15,549	-	15,549
Other	10,018	-	10,018
Capital Outlay	<u>4,800</u>	<u>-</u>	<u>4,800</u>
Total	<u>113,164</u>	<u>-</u>	<u>113,164</u>
Excess Revenues (Expenditures)	5,606	1,411	7,017
<u>Other Financing Sources (Uses)</u>			
Operating Transfers In	811	-	811
Operating Transfers (Out)	<u>-</u>	<u>(811)</u>	<u>(811)</u>
Total	<u>811</u>	<u>(811)</u>	<u>-</u>
Excess Revenues (Expenditures) and Other Financing Sources (Uses)	6,417	600	7,017
Fund Balance – Beginning of Year	<u>102,423</u>	<u>23,021</u>	
Fund Balance – End of Year	<u>\$ 108,840</u>	<u>\$ 23,621</u>	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current year.			<u>2,504</u>
Change in Net Assets of Governmental Activities.			<u>\$ 9,521</u>

See Accompanying Notes to Basic Financial Statements

Tobin & Co.

Grant Township Statement of Fiduciary Net Assets March 31, 2006

Assets	Agency Funds
Cash	\$ 1,293
Total Assets	<u>1,293</u>
Liabilities	
Undistributed Taxes and Interest	402
Due to Other Entities	<u>891</u>
Total Liabilities	<u>1,293</u>
Net Assets	<u>\$ -</u>

See Accompanying Notes to Basic Financial Statements

Tobin & Co.

Grant Township Notes to Financial Statements March 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Grant Township is a general law township located in Grand Traverse County. Population as of the 2000 census was 947, and the taxable value is \$39,532,570.

The Township's basic financial statements include the accounts of all Township operations. The criteria for including organizations within the Township's reporting entity, as set forth in GASB No. 14, "*The Financial Reporting Entity*" includes oversight responsibility, fiscal dependency and whether the financial statements would be misleading if data were not included.

Based on the above criteria, there are no other organizations included in these financial statements.

B. Basis of Presentation

The government-wide financial statements (the statement of net assets and the statement of changes in net assets) report information on all of the activities of the Township. The effect of interfund activity, within the governmental activities column, has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements:

The Township segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The Township has presented the following governmental funds:

General Fund – This fund is used to account for all financial transactions not accounted for in another fund, including the general operating expenditures of the Township. Revenues are derived primarily from property taxes, state distributions or grants, and other intergovernmental revenues.

Permanent Funds – These funds are used to account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting governments programs.

Fiduciary Funds

These funds are used to account for assets held in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.

Tobin & Co.

Grant Township Notes to Financial Statements March 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net assets and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized at the time the liability is incurred.

Governmental fund and agency fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Township considers property taxes as available if they are collected within 60 days after year end. A one-year availability period is used for recognition of all other Governmental Fund revenues. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

The revenue susceptible to accrual are property taxes, franchise fees, licenses, charges for service, interest income and intergovernmental revenues. All other governmental fund revenues are recognized when received.

D. Budgets

The General Fund is under formal budgetary control. The budget shown in the financial statements for this fund was prepared on a basis not significantly different from the modified accrual basis used to reflect actual results and consist only of those amounts contained in the formal budget approved and amended by the Township.

In the body of the financial statements and the required supplementary schedules, the Township's actual and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets for these funds were adopted to the activity or cost center level.

For budgetary purposes appropriations lapse at fiscal year end.

E. Capital Assets

Capital assets, which includes property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest is capitalized during the construction period on property, plant and equipment.

Assets capitalized have an original cost of \$1,000 or more and over one year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	40 - 60 years
Building Improvements	15 - 30 years
Vehicles	3 - 5 years
Furniture and Fixtures	3 - 5 years
Equipment	3 - 5 years

Tobin & Co.

Grant Township Notes to Financial Statements March 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Property Tax Procedures and Collections

Properties are assessed as of December 31 and the related property taxes become a lien the following July 1 and/or December 1. Real property taxes are collected by the Township Treasurer through February 28 of each year. As of March 1, uncollected real property taxes are returned delinquent to, and collected by, the County Treasurer. Personal property taxes remain the responsibility of the Township Treasurer to collect. It is the policy of the Township to record the real property taxes in the year of levy.

During the collection period prior to March 1, the Township Treasurer makes distribution of the property tax collections to the various taxing units (County, School District, etc.) as required by statute.

For the fiscal year the Township levied property taxes as follows:

	<u>SEV</u>	<u>Taxable Value</u>	<u>Millage Rate</u>
General Operating	\$ 72,982,880	\$ 39,532,570	.7801

G. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

- A. We noted no violations of legal provisions and/or contractual provisions of various agreements related to financial matters.
- B. All funds had positive fund balances at March 31, 2006.
- C. Public Act 621 of 1978, Section 18, provides that a local unit shall not incur expenditures in excess of the amount appropriated. For the year ended March 31, 2006, no activity exceeded its budget.

NOTE 3 - DEPOSITS WITH FINANCIAL INSTITUTIONS

A. Legal Provisions for Deposits and Investments

Act 20, Public Acts of 1943, as amended by Act 217, Public Acts of 1982, and Act 196, Public Acts of 1997, states that the Township, by resolution, may authorize the Treasurer to invest surplus funds as follows:

- (1) In bonds and other direct obligations of the United States or an agency or instrumentality of the United States.
- (2) In certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation or a credit union which is insured by the National Credit Union Administration, but only if the bank, savings and loan association, or credit union complies with subsection (2).

Tobin & Co.

Grant Township Notes to Financial Statements March 31, 2006

NOTE 3 - DEPOSITS WITH FINANCIAL INSTITUTIONS (Continued)

A. Legal Provisions for Deposits and Investments (Continued)

- (3) In commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and which matures not more than 270 days after date of purchase.
- (4) Repurchase agreements consisting of instruments defined in (1) above.
- (5) In bankers' acceptances of United States Banks.
- (6) Obligations of the State of Michigan or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.
- (7) In mutual funds registered under the investment company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by local units of government in Michigan.

B. Types of Deposits and Investments

The Township had \$128,292 deposited with local financial institutions at March 31, 2006 with a carrying value of \$127,639. Interpreting the FDIC insurance coverage of \$100,000 of demand deposits and \$100,000 of time deposits per financial institution, the Township had no uninsured deposits at March 31, 2006.

NOTE 4 - CAPITAL ASSETS

Governmental Activities:	<u>03/31/05</u>	<u>Additions</u>	<u>Dispositions</u>	<u>03/31/06</u>
Land	\$ 3,500	\$ -	\$ -	\$ 3,500
Buildings and Improvements	30,000	-	-	30,000
Equipment	<u>12,895</u>	<u>4,800</u>	<u>-</u>	<u>17,695</u>
	46,395	4,800	-	51,195
Less Accumulated Depreciation	<u>(35,201)</u>	<u>(2,296)</u>	<u>-</u>	<u>(37,497)</u>
Governmental Activities Capital Assets, Net	<u>\$ 11,194</u>	<u>\$ 2,504</u>	<u>\$ -</u>	<u>\$ 13,698</u>

NOTE 5 - TRANSFERS BETWEEN FUNDS

During the audit year the Cemetery Perpetual Care Fund transferred \$811 to the General Fund.

NOTE 6 - LONG-TERM DEBT

The Township has no long-term debt and no such borrowing is anticipated in the near future.

NOTE 7 - INVENTORIES

Grant Township does not maintain a substantial inventory of supplies or materials. Purchases are normally made as needed, and the items are recorded as expenses when purchased.

Tobin & Co.

Grant Township Notes to Financial Statements March 31, 2006

NOTE 8 - PENSION PLAN

The Township participates in a defined contribution money purchase pension plan administered by Manufacturer's Life Insurance Co. and the Township. By Board resolution, the Township pays a contribution of 15% of annual compensation.

The plan covers all elected officials with 100% immediate vesting upon early retirement, termination of service, death, disability, or normal retirement. Required Township contributions of \$2,536 were paid for the audit year. Covered compensation for the audit year was \$17,393 out of total employee compensation of \$38,736.

The Township provides social security coverage for its employees not covered by the pension plan.

NOTE 9 - CONTINGENT LIABILITIES

Township officials are aware of no material contingent liabilities as of March 31, 2006.

NOTE 10- COMPENSATED ABSENCES

The Township provides no compensated absences for its employees.

NOTE 11- RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the audit year the Township addressed these risks through the purchase of commercial insurance through Municipal Underwriters of Michigan. There was no significant reduction of insurance coverage from prior years nor have the amounts of any settlements exceeded insurance coverage in any of the past three fiscal years.

SUPPLEMENTAL DATA SECTION

Tobin & Co.

Grant Township
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
General Fund
For the Year Ended March 31, 2006

Schedule I
Page 1

<u>Revenues</u>	<u>Budgetary Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Taxes:				
Current Taxes	\$ 29,000	\$ 29,000	\$ 27,885	\$ (1,115)
Delinquent Taxes	-	-	3,474	3,474
Swamp Tax	2,500	2,500	2,946	446
Other Property Taxes	-	-	7	7
Penalties and Interest on Taxes	100	100	200	100
Licenses and Permits:				
Land Use	450	450	396	(54)
Federal Grants:				
Election	-	4,800	4,800	-
State Grants:				
State Shared Revenues	63,000	60,000	63,960	3,960
Metro Act	-	-	3,095	3,095
Charges for Services:				
Summer Tax Collection	6,000	6,000	3,023	(2,977)
Cemetery	1,500	1,500	1,150	(350)
Other	200	200	4,149	3,949
Interest and Rents:				
Interest	1,500	1,500	1,869	369
Rents and Royalties	150	150	64	(86)
Other:				
Refunds and Reimbursements	<u>4,000</u>	<u>4,000</u>	<u>1,752</u>	<u>(2,248)</u>
Total Revenues	<u>108,400</u>	<u>110,200</u>	<u>118,770</u>	<u>8,570</u>
<u>Expenditures</u>				
Legislative:				
Township Board:				
Salaries and Wages	-	-	1,155	-
Office Supplies	-	-	15	-
Legal and Contractual	-	-	5,737	-
Memberships and Dues	-	-	656	-
Printing and Publishing	-	-	1,320	-
Other	<u>-</u>	<u>-</u>	<u>1,524</u>	<u>-</u>
Total	<u>17,500</u>	<u>17,600</u>	<u>10,407</u>	<u>7,193</u>
Total Legislative	<u>17,500</u>	<u>17,600</u>	<u>10,407</u>	<u>7,193</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Grant Township
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
General Fund
For the Year Ended March 31, 2006

Schedule 1
Page 2

	Budgetary Amounts			Variance
	Original	Final	Actual	Favorable (Unfavorable)
<u>Expenditures (Continued)</u>				
General Government:				
Township Supervisor:				
Salaries and Wages	5,100	5,100	5,100	-
Supplies	<u>500</u>	<u>500</u>	<u>152</u>	<u>348</u>
Total	<u>5,600</u>	<u>5,600</u>	<u>5,252</u>	<u>348</u>
Elections:				
Salaries and Wages	-	-	442	-
Supplies	-	-	179	-
Mileage and Transportation	-	-	65	-
Printing and Publishing	<u>-</u>	<u>-</u>	<u>70</u>	<u>-</u>
Total	<u>2,000</u>	<u>2,000</u>	<u>756</u>	<u>1,244</u>
Assessor:				
Salaries and Wages	-	-	9,146	-
Supplies	-	-	1,868	-
Printing and Publishing	-	-	259	-
Education and Training	<u>-</u>	<u>-</u>	<u>75</u>	<u>-</u>
Total	<u>10,250</u>	<u>11,348</u>	<u>11,348</u>	<u>-</u>
Clerk:				
Salaries and Wages	5,304	5,569	5,569	-
Supplies	2,500	2,500	1,169	1,331
Mileage and Transportation	<u>-</u>	<u>-</u>	<u>1,242</u>	<u>(1,242)</u>
Total	<u>7,804</u>	<u>8,069</u>	<u>7,980</u>	<u>89</u>
Board of Review:				
Salaries and Wages	-	-	830	-
Education and Training	<u>-</u>	<u>-</u>	<u>195</u>	<u>-</u>
Total	<u>1,000</u>	<u>1,025</u>	<u>1,025</u>	<u>-</u>
Treasurer:				
Salaries and Wages	5,304	5,569	5,569	-
Salaries and Wages -- Summer Tax Collection	3,000	3,000	2,529	471
Supplies	2,500	2,582	1,798	784
Mileage and Transportation	<u>-</u>	<u>-</u>	<u>743</u>	<u>(743)</u>
Total	<u>10,804</u>	<u>11,151</u>	<u>10,639</u>	<u>512</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Grant Township
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
General Fund
For the Year Ended March 31, 2006

Schedule 1
Page 3

	<u>Budgetary Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Expenditures (Continued)</u>	<u>Original</u>	<u>Final</u>		
General Government (Continued):				
Township Hall and Grounds:				
Salaries and Wages	-	-	1,002	-
Supplies	-	-	51	-
Public Utilities	-	-	1,576	-
Maintenance and Repairs	-	-	1,284	-
Total	<u>6,000</u>	<u>6,000</u>	<u>3,913</u>	<u>2,087</u>
Cemetery:				
Salaries and Wages	-	-	2,450	-
Supplies	-	-	59	-
Maintenance and Repairs	-	-	187	-
Other	-	-	208	-
Total	<u>5,000</u>	<u>5,000</u>	<u>2,904</u>	<u>2,096</u>
Total General Government	<u>48,458</u>	<u>50,193</u>	<u>43,817</u>	<u>6,376</u>
Public Safety:				
Fire Protection:				
Contractual Services	<u>25,000</u>	<u>25,000</u>	<u>23,528</u>	<u>1,472</u>
Total	<u>25,000</u>	<u>25,000</u>	<u>23,528</u>	<u>1,472</u>
Planning:				
Salaries and Wages	-	-	4,945	-
Supplies	-	-	44	-
Mileage and Transportation	-	-	16	-
Printing and Publishing	-	-	40	-
Total	<u>10,000</u>	<u>10,000</u>	<u>5,045</u>	<u>4,955</u>
Total Public Safety	<u>35,000</u>	<u>35,000</u>	<u>28,573</u>	<u>6,427</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Grant Township Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual General Fund For the Year Ended March 31, 2006

Schedule I
Page 4

	<u>Budgetary Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Expenditures (Continued)</u>				
Public Works:				
Road Maintenance and Improvements	73,500	80,287	15,000	65,287
Street Lighting	<u>600</u>	<u>600</u>	<u>549</u>	<u>51</u>
Total Public Works	<u>74,150</u>	<u>80,887</u>	<u>15,549</u>	<u>65,338</u>
Other:				
Employee Benefits and Insurance	10,350	10,350	10,018	332
Emergency Management	100	100	-	100
Contingencies	<u>14,000</u>	<u>5,469</u>	<u>-</u>	<u>5,469</u>
Total Other	<u>24,450</u>	<u>15,919</u>	<u>10,018</u>	<u>5,901</u>
Capital Outlay	<u>500</u>	<u>5,300</u>	<u>4,800</u>	<u>500</u>
Total Expenditures	<u>200,058</u>	<u>204,899</u>	<u>113,164</u>	<u>91,735</u>
Excess Revenues (Expenditures)	<u>(91,658)</u>	<u>(94,699)</u>	<u>5,606</u>	<u>100,305</u>
Other Financing Sources (Uses)				
Operating Transfers In	-	-	811	811
Operating Transfers (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>-</u>	<u>-</u>	<u>811</u>	<u>811</u>
Excess Revenues (Expenditures) and Other Financing Sources (Uses)	(1) <u>\$ (91,658)</u>	<u>\$ (94,699)</u>	6,417	<u>\$ 101,116</u>
Fund Balance – Beginning of Year			<u>102,423</u>	
Fund Balance – End of Year			<u>\$ 108,840</u>	
(1) Budgeted from Fund Balance				

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Grant Township Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual Perpetual Care Fund For the Year Ended March 31, 2006

Schedule 2

	<u>Budgetary Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Perpetual Care Deposits	\$ 600	\$ 600	\$ 600	\$ -
Earned Interest	<u>750</u>	<u>750</u>	<u>811</u>	<u>61</u>
Total	<u>1,350</u>	<u>1,350</u>	<u>1,411</u>	<u>61</u>
<u>Expenditures</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess Revenues (Expenditures)	<u>1,350</u>	<u>1,350</u>	<u>1,411</u>	<u>61</u>
Other Financing Sources (Uses)				
Operating Transfers In	-	-	-	-
Operating Transfers (Out)	<u>(750)</u>	<u>(750)</u>	<u>(811)</u>	<u>(61)</u>
Total	<u>(750)</u>	<u>(750)</u>	<u>(811)</u>	<u>(61)</u>
Excess Revenues (Expenditures) and Other Financing Sources (Uses)	<u>\$ 600</u>	<u>\$ 600</u>	600	<u>\$ -</u>
Retained Earnings/Fund Balance – Beginning of Year			<u>23,021</u>	
Retained Earnings/Fund Balance – End of Year			<u>\$ 23,621</u>	

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Grant Township 2005 Property Tax Levy and Collections For the Year Ended March 31, 2006

Schedule 3

	<u>Millage Rate</u>	<u>Adjusted Levy</u>	<u>Collected</u>	<u>Returned Delinquent</u>
County	5.0966	\$ 202,326	\$ 184,802	\$ 17,524
Medical Care Facility	0.6725	26,773	24,038	2,735
Commission on Aging	0.4955	19,713	17,710	2,003
BATA	0.3380	13,454	12,079	1,375
Library	1.1590	46,141	41,427	4,714
State Education	6.0000	238,582	225,635	12,947
School District	21.1000	170,791	164,837	5,954
School District	21.9500	205,850	186,206	19,644
School District	20.5100	6,986	5,933	1,053
School District	21.6021	12,179	11,045	1,134
Community College	2.9427	117,152	106,137	11,015
Intermediate School District	2.9732	117,813	107,679	10,134
Township - General	0.7801	31,059	27,885	3,174
State - CFR		<u>272</u>	<u>272</u>	<u>-</u>
Total		<u>\$ 1,209,091</u>	<u>\$ 1,115,685</u>	<u>\$ 93,406</u>
Percent of Levy Collected	92.27%			

The Notes to the Basic Financial Statements are an integral part of this statement.